

# Survey: Premiums Up 6.1% in 2007

*Employers look for more ways to share costs with employees*

Annual premiums for family coverage now average \$12,106, according to one annual survey, with workers paying \$3,281.

Health insurance premium growth was the slowest since 1999 when premiums rose 5.3 percent. Premiums saw a 6.1 percent increase in 2007, according to the 2007 Employer Health Benefits Survey released by the Kaiser Family Foundation and Health Research and Educational Trust.

The average health benefit cost per employee is expected to rise 6.7 percent in 2008, the Mercer Health Benefits survey of employers found. In 2006, employers saw a 6.1 percent increase in costs. The percentage of the workforce (60 percent) obtaining coverage from employer-sponsored plans remained unchanged since 2006. (See graphic on page 7.)

### Premium Growth

According to the Kaiser study, since 2001, premiums for family coverage have increased 78 percent, while wages have gone up 19 percent and inflation has gone up 17 percent. Covered workers on average pay 16 percent of the overall premiums for single coverage and 28 percent for family coverage – shares that have remained relatively stable over the past years.

However, workers in small firms (three to 199 workers) pay significantly more on average toward the cost of family coverage (\$4,236 annually) compared to larger firms (\$2,831

annually). For single coverage, the opposite is true, with workers at small firms annually contributing less on average than workers at large firms (\$561 vs. \$759).

Among firms that offer health benefits, 10 percent vary how much workers contribute based on the workers' earnings, about the same share as in 2005. About 6 percent of firms vary contributions based on employees' participation in wellness programs, up from 3 percent in 2005.

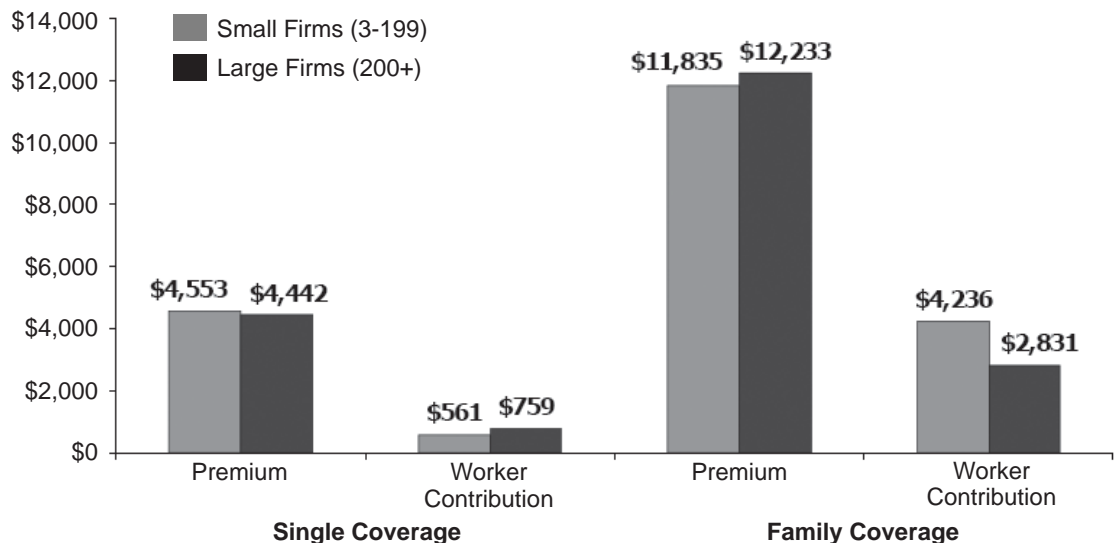
### Consumer-Driven Plans

In spite of extensive attention paid to consumer-driven health plans, the Kaiser survey found that these plans have made only a small inroad into the employer market.

Such plans cover about 5 percent of all covered workers, which is not statistically different from the 4 percent share recorded in 2006. Consumer-driven plans feature a high-deductible plan and a tax-preferred savings, from which employees can pay for their out-of-pocket medical expenses. Some distributors have considered this route to lower their overall health costs.

"Rising premiums are affecting everyone. While we're not making any immediate material changes to our health care benefits for WinWholesale employees, we're certainly interested in a consumer-driven healthcare approach and expect that many companies will be moving in this direction," says Rhonda Binger, national distributor WinWholesale's vice president of human resources.

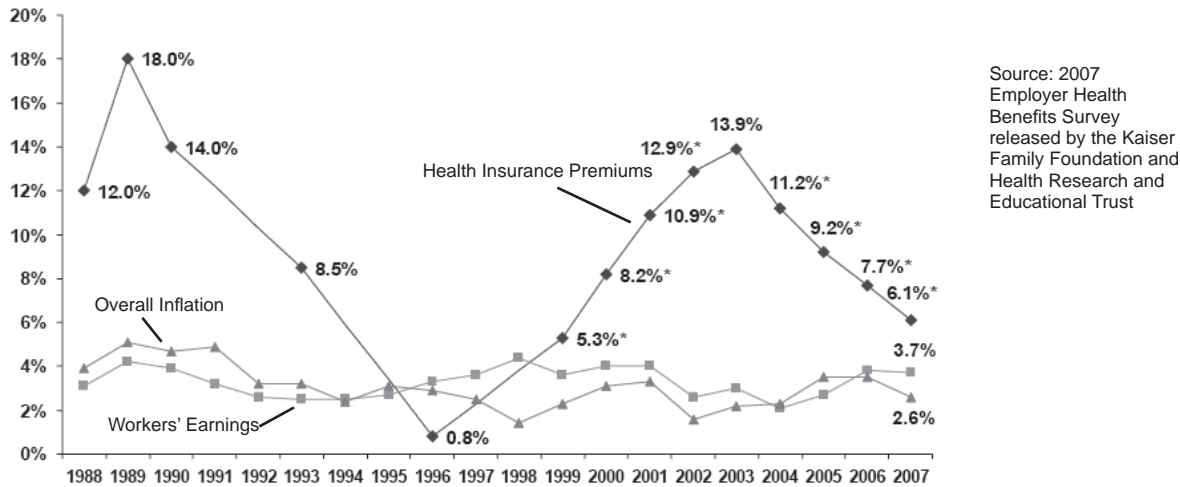
**Aver. Annual Worker Premium Contributions & Total Premiums for Covered Workers, by Firm Size, 2007**



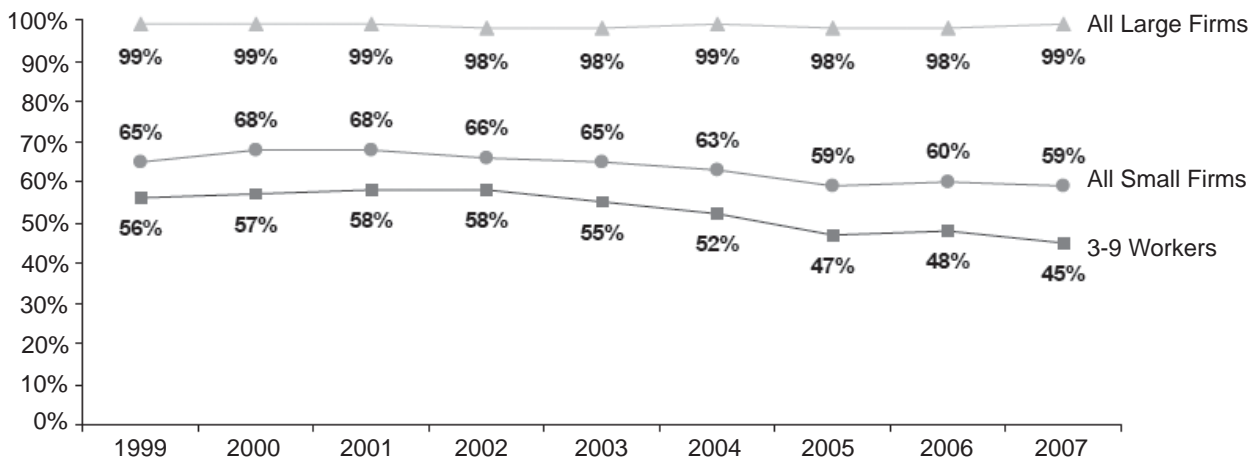
Source: 2007 Employer Health Benefits Survey released by the Kaiser Family Foundation and Health Research and Educational Trust

## Trends in Health Insurance

### Increase in Health Insurance Premiums Compared to Other Indicators, 1988-2007



### Percent of All Firms Offering Health Insurance, 1999-2007



### Distribution of Health Plan Enrollment for Covered Workers by Plan Type, 1988-2007

